



State of California
Employment Training Panel

Arnold Schwarzenegger, Governor

June 29, 2009

Kimberly Holland
Director
Glendale Community College Professional Development Center
2340 Honolulu Avenue
Montrose, CA 91020

Dear Ms. Holland:

Enclosed is our final report relative to our review of Glendale Community College Professional Development Center's compliance with the Employment Training Panel Agreement No. ET05-0112 for the period July 1, 2004 through June 30, 2006.

Also enclosed is a demand letter for payment of costs disallowed in the review report. Payment is due upon receipt of this letter. If you wish to appeal the review findings, you must follow the procedure specified in Attachment A to the review report.

We appreciate the courtesy and cooperation extended to our auditor during the review. If you have any questions, please contact Stephen Runkle, Audit Manager, at (916) 327-4758.

Sincerely,

Original signed by:

Stephen Runkle
Audit Manager

Enclosures

**GLENDALE COMMUNITY COLLEGE
PROFESSIONAL DEVELOPMENT CENTER**

Agreement No. ET05-0112

Final Review Report

For The Period

July 1, 2004 through June 30, 2006

Report Published June 29, 2009

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REVIEW REPORT

Summary

We reviewed Glendale Community College Professional Development Center's compliance with Agreement No. ET05-0112, for the period July 1, 2004 through June 30, 2006. Our review pertained to training costs claimed by the Contractor under this Agreement. Our review was performed during the period May 1, 2008 through August 14, 2008.

The Employment Training Panel (ETP) reimbursed the Contractor a total of \$1,160,864. Our review supported \$1,156,347 is allowable. The balance of \$4,517 is disallowed and must be returned to ETP. The disallowed costs resulted from two trainees who did not meet retention period requirements, two trainees who were subject to a substantial contribution, and one trainee who was not employed in an occupation specified in the Agreement.

REVIEW REPORT (continued)

Background

Glendale Community College (Glendale) provides customized, job-specific training for business and workers through its Professional Development Center. Glendale has trained 27,000 workers from 3,800 Southern California employers in its nineteen year history with ETP.

This Agreement was 29th between Glendale and ETP. The training projects core curriculum, developed over the past twenty years, is continuously customized according to the requests and feedback of participating employers. To better serve employers, Glendale planned to train employees from both large and small-sized businesses in multiple disciplines. Therefore, ETP and Glendale partnered to develop an Agreement that allowed the flexibility to better meet the training demands of each participating employer and allow workers to be trained in skills vital to an ever changing economic environment. The Agreement provided for two main training programs in Computer Skills and Continuous Improvement, as well as three smaller programs, including Advanced Technology training in Computer Aided Design and Computer Aided Manufacturing, along with Hazardous Materials training.

This Agreement allowed Glendale to receive a maximum reimbursement of \$2,072,011 for retraining 2,016 employees. During the Agreement term, the Contractor placed 1,275 trainees and was reimbursed \$1,160,864 by ETP.

Objectives, Scope, and Methodology

We performed our review by authority of Title 22 California Code of Regulations, Sections 4443 and 4448. Our scope was limited to reviewing the Contractor's compliance with trainee eligibility and post-training requirements specified in the Agreement. We did not review the Contractor's records for compliance with training attendance or other Agreement requirements.

Specifically, our review scope included, but was not limited to, conducting compliance tests to determine whether:

- Trainees were eligible to receive ETP training.
- Trainees were employed continuously full-time with a participating employer for 90 consecutive days after completing training, and the 90-day retention period was completed within the Agreement term.
- Trainees were employed in the occupation for which they were trained and earned the minimum wage required at the end of the 90-day retention period.

REVIEW REPORT (continued)

Conclusion	As summarized in Schedule 1, the Summary of Review Results, and discussed more fully in the Findings and Recommendations Section of our report, our review supported \$1,156,347 of the \$1,160,864 paid to the Contractor under this Agreement is allowable. The balance of \$4,517 is disallowed and must be returned to ETP.
Views of Responsible Officials	<p>The review findings were discussed with Kimberly Holland, Director, during a telephone exit conference held on August 14, 2008. Ms. Holland agreed to bypass issuance of the draft report and proceed to the final audit report.</p> <p>The issuance of your final audit report has been delayed by the audit unit. Therefore, ETP waived the accrual of interest for the disallowed costs beginning August 15, 2008, through the issue date of this final audit report. The interest waiver (adjustment) was \$265.78, which was deducted from the total accrued interest.</p>
Appeal Rights	If you wish to appeal the review findings, it must be filed in writing with the Panel's Executive Director within 30 days of receipt of this audit report. The proper appeal procedure is specified in Title 22, California Code of Regulations, Section 4450 (attached).
Records	Please note the ETP Agreement, Paragraph 5, requires you to assure ETP or its representative has the right, "...to examine, reproduce, monitor and audit accounting source payroll documents, and all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor... This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment from ETP to the Contractor, or the date of resolution of appeals, audits, or litigation, whichever is later."

Stephen Runkle
Audit Manager

Fieldwork Completion Date: August 14, 2008

This report is a matter of public record and its distribution is not limited. The report is intended for use in conjunction with the administration of ETP Agreement No. ET05-0112 and should not be used for any other purpose.

SCHEDULE 1 – Summary of Review Results

GLENDALE COMMUNITY COLLEGE PROFESSIONAL DEVELOPMENT CENTER

AGREEMENT NO. ET05-0112
FOR THE PERIOD
OCTOBER 1, 2004 THROUGH SEPTEMBER 30, 2006

	<u>Amount</u>	<u>Reference*</u>
Training Costs Paid By ETP	<u>\$ 1,160,864</u>	
Costs Disallowed:		
Post-Training Retention Requirement Not Met	2,780	Finding No. 1
Substantial Contribution	1,181	Finding No. 2
Ineligible Trainee Occupation	<u>556</u>	Finding No. 3
Total Costs Disallowed	<u>4,517</u>	
Training Costs Allowed	<u><u>\$ 1,156,347</u></u>	

* See Findings and Recommendations Section.

FINDINGS AND RECOMMENDATIONS

FINDING NO. 1 – Employment information shows Glendale Community College Post-Training Retention Requirement Not Met Professional Development Center (Glendale) received reimbursement for the training costs of one Job No. 18 and one Job No. 16 trainee who did not meet post-training retention requirements. Therefore, we disallowed \$2,780 (\$1,529 + \$1,251) in training costs claimed for these trainees.

Exhibit A, paragraph VII. A. of the Agreement between Glendale and ETP states, “Each trainee must be employed full-time, at least 35 hours per week, with a single participating employer for a period of at least ninety (90) consecutive days immediately following the completion of training.”

Glendale reported that Trainee No. 2 completed a post-training retention period from May 5, 2005, through August 3, 2005. However, Employment Development Department (EDD) base wage information supported that Trainee No. 2 worked only an average of 25.3 hours per week during that period based on her actual wage rate reported by her employer via Employment Verification Questionnaire. Although her employer stated that Trainee No. 2 worked 40 hours per week during her retention period, the employer failed to provide payroll documentation to support that statement. EDD base wage information also shows no subsequent full-time employment in California within the term of the Agreement.

Glendale reported that Trainee No. 5 completed a post-training retention period from April 14, 2006, through July 13, 2006. However, employer payroll information obtained via Employment Verification Questionnaire indicates that Trainee No. 5 terminated employment on April 22, 2006. Thus, Trainee No. 5 was retained for only 8 days of the 90 days required by the Agreement. EDD base wage information supports the employer-reported termination date and shows no subsequent employment in California within the term of the Agreement.

Recommendation Glendale must return \$2,780 to ETP. In the future, the Contractor should ensure trainees meet post-training retention requirements prior to claiming reimbursement from ETP.

FINDINGS AND RECOMMENDATIONS (continued)

FINDING NO. 2 –
Substantial
Contribution Not
Applied

Documentation review by ETP showed payment of the full cost per trainee for one Job No. 1 trainee and one Job No. 18 trainee, for whom a substantial contribution should have been applied. Therefore, we disallowed \$1,181 (\$625 + \$556) in training costs claimed for these trainees.

Title 22 California Code of Regulations (CCR), Section 4410 (a) states that a substantial contribution of not less than 30 percent of the total Panel training and administrative costs, ... shall be imposed on any employer for retraining at a facility which previously benefited, directly or indirectly, from Panel funding under at least two prior Panel agreements at the same facility in the amount of \$250,000 or more. Section (b) states that a substantial contribution of not less than 50 percent shall be assessed on any subsequent agreements, beginning with the fourth agreement, for retraining at the same facility.

The participating employers ITT Systems and Hydro-Aire, Inc., were identified as being subject to this provision since they previously benefited from ETP funds exceeding \$250,000 within the previous five years, as indicated from their California Employer Account Numbers. These employers were both subject to a 50 percent substantial contribution, which was not applied to Trainee No. 3 (ITT System) and Trainee No. 4 (Hydro-Aire, Inc.). The table below identifies the job number, amount paid, substantial contribution rate, adjusted cost per trainee, and the resulting disallowed cost per trainee.

Trainee No.	Job No.	Amount Paid	% of Employer Substantial Contribution	Adjusted Cost Per Trainee	Disallowed Cost Per Trainee
3	18	\$1,251	50%	\$626	\$625
4	1	\$1,112	50%	\$556	\$556
TOTAL					\$1,181

Recommendation

Glendale must return \$1,181 to ETP. In the future, both ETP and Glendale should ensure that a substantial contribution is imposed on applicable employers and is consistent with Title 22 CCR 4410.

FINDINGS AND RECOMMENDATIONS (continued)

FINDING NO. 3 – Glendale received reimbursement for one Job No. 3 trainee who
Ineligible Trainee was not employed after training in one of the occupations specified
Occupation in the Agreement. Therefore, we disallowed \$556 in training costs
claimed for this trainee.

Paragraph 5(i) of the Agreement between Glendale and ETP states, “No senior level managers or executive staff who set company policy are included in ETP-funded training under this Agreement.”

Exhibit A, Paragraph VII of the Agreement states, “Employment for each trainee shall be in the occupations listed in [the Agreement]...” The occupations identified for Job No. 3 were Office Automation Specialist, Quality Systems/Leadership Specialist, HazMat Specialist, Machinist/Machine Operator, Manager, Supervisor.

Employer information obtained via Employment Verification Questionnaire indicated that Trainee No. 1 was employed as “Vice President of Sales” during his retention period. Furthermore, the employer confirmed that Trainee No. 1’s position did provide the authority to set company policy, which supports he was employed as executive staff.

Recommendation Glendale must return \$556 to ETP. In the future, the Contractor should ensure all trainees are employed in occupations identified in the Agreement before claiming reimbursement from ETP.

ATTACHMENT A - Appeal Process

4450. Appeal Process.

- (a) An interested person may appeal any final adverse decision made on behalf of the Panel where said decision is communicated in writing. Appeals must be submitted in writing to the Executive Director at the Employment Training Panel in Sacramento.
- (b) There are two levels of appeal before the Panel. The first level must be exhausted before proceeding to the second.
 - (1) The first level of appeal is to the Executive Director, and must be submitted within 30 days of receipt of the final adverse decision. This appeal will not be accepted by the Executive Director unless it includes a statement setting forth the issues and facts in dispute. Any documents or other writings that support the appeal should be forwarded with this statement. The Executive Director will issue a written determination within 60 days of receiving said appeal.
 - (2) The second level of appeal is to the Panel, and must be submitted within 10 days of receipt of the Executive Director's determination. This appeal should include a statement setting forth the appellant's argument as to why that determination should be reversed by the Panel, and forwarding any supporting documents or other writings that were not provided at the first level of appeal to the Executive Director. If the Panel accepts the appeal and chooses to conduct a hearing, it may accept sworn witness testimony on the record.
 - (A) The Panel must take one of the following actions within 45 days of receipt of a second-level appeal:
 - (1) Refuse to hear the matter, giving the appellant written reasons for the denial; or
 - (2) Conduct a hearing on a regularly-scheduled meeting date; or
 - (3) Delegate the authority to conduct a hearing to a subcommittee of one or more Panel members, or to an Administrative Law Judge with the Office of Administrative Hearings.
 - (B) The Panel or its designee may take action to adopt any of the administrative adjudication provisions of the Administrative Procedures Act at Government Code Section 11370 *et seq.*, for the purpose of formulating and issuing its decision. Said action may take place at the hearing, or in preliminary proceedings.
 - (C) Upon completion of the hearing, the record will be closed and the Panel will issue a final ruling. The ruling may be based on a recommendation from the hearing designee. The ruling shall be issued in a writing served simultaneously on the appellant and ETP, within 60 days of the record closure.
- (c) The time limits specified above may be adjusted or extended by the Executive Director or the Panel Chairman for good cause, pertinent to the level of appeal.
- (d) Following receipt of the Panel's ruling, the appellant may petition for judicial review in Superior Court pursuant to Code of Civil Procedure Section 1094.5. This petition must be filed within 60 days from receipt of the Panel's ruling.

Authority: Section 10205(m), Unemployment Insurance Code; Section 11410.40, Government Code.

Reference: Sections 10205(k), 10207, Unemployment Insurance Code.

Effective: April 15, 1995

Amended: December 30, 2006